

II	FISCAL SECTION
1500	Site Visits and Program Compliance Review

The *Network* will conduct programmatic and fiscal reviews of Local Incentive Awardees (LIA), Nonprofit Incentive Awardees (NIA) and Special Project contracts to ensure compliance with USDA Guidance and positively enable the continued funding from USDA based on both solid program and fiscal compliance. These reviews will be conducted using the following four methods:

1. Site visit.
2. Program compliance review (PCR).
3. Desk review.
4. Audit.

1501 Site Visits

Site Visits will be conducted on at least half (50%) of the current LIA and Special Project contracts during the fiscal year.

The purpose of a site visit is to:

1. Monitor and evaluate progress in completing contract deliverables.
2. Ensure compliance with USDA guidelines (cost allocation, state and federal share documentation, identify changes in budgets and scopes of work).
3. Provide programmatic and administrative technical assistance.
4. Observe and collect information on innovative strategies.
5. Observe programmatic activities.
6. Build partnerships.

Site Visits are conducted by assigned Program and Contract Management staff and, in the case of schools, in conjunction with the assigned Nutrition Education Coordinator (NEC). It is the responsibility of each Contract Agency to maintain accurate and verifiable records in order to support all expenses and document activities claimed under the LIA Program.

Site Visit Procedure:

1. A Site visit list will be generated at the beginning of each FFY to identify Contractors for site visit scheduling to meet the CPNS goal of at least 50% of Contractors visited each fiscal year. An effort to coordinate site visits by your assigned CM/PM/NEC, desk reviews, PCRs, and Audits so that your organization receives no more than one review per fiscal year will be made.
2. A *Site Visit Log* will be maintained by CPNS staff summarizing site visits conducted and scheduled for each fiscal year.
3. Site visits will be scheduled based on the priorities listed below and upon the request of Contractors.
4. Site visits will be scheduled in writing with at least 2 weeks advance notice.
5. A *Site Visit Report* summarizing findings and recommendations will be generated and provided to the Contractor within 30 days of the site visit. A timeline for follow-up and additional site-visits, if necessary, will be stipulated in the *Site Visit Report*.

Priority List for Scheduling Site Visit:

1. 1st year contractors, contractors who have never been site visited, or contractors requiring specific technical assistance as identified by CPNS staff.

2. Contractors who have not been site visited in 2-3 years.
3. Contractors recommended for follow-up site visits in previous years.
4. Contracts with budgets exceeding \$500,000 per fiscal year.
5. Contractors requesting general technical assistance.
6. Newly-funded channels or pilot programs.

Documentation of Site Visits

For each site visit, PMs and CMs are required to complete:

1. *Site Visit Confirmation Letter.* A Site Visit Confirmation Letter will be sent to the Contractor at least two weeks in advance, confirming the date, time and location of the site visit. The letter will include the primary areas to be discussed, an agenda and will indicate what type of documentation and records should be available for review by CPNS staff.
2. *Site Visit Report and Cover Letter.* CPNS staff will generate a Site Visit Report and Cover Letter summarizing site visit issues, key findings and recommendations. A Site Visit Report will be sent to the contractor within 30 calendar days of conducting a site visit. The report will summarize findings and recommendations. If necessary, the report will include a follow-up plan addressing concerns or issues identified during the visit or desk review. Key areas to be addressed are the Contractor's compliance with USDA requirements as listed above under **1501 Site Visits**.

1502 Desk Review

Desk Reviews are to be conducted once a year, on one quarterly invoice for each LIA, NIA and Special Project. This will be coordinated with any PCR or site visits scheduled, or if none are scheduled for the year will be done independently. The Desk Review matches the quarterly invoice with back-up documentation for each line item in the budget and budget justification. If a discrepancy is found, the Contractor will need to provide a justification for the discrepancy.

The purpose of the Desk Review is to ascertain your organization's adherence to the fiscal documentation requirements as outlined in your contract and the LIA Guidelines Manual.

Desk Review Procedure: All expenditure documentation that is batched for each line item must equal the total amount reflected for that line item on the official Invoice or State Share Documentation Report being reviewed. The expenditure documentation will need to be separated, batched, and labeled according to the line item in which the expenses were claimed. A summary page of the expenses for the specific line items requested is required on top of each batch, and the amount of the summary page should reflect the amount claimed for that line item for the period (quarter) being reviewed. If your accounting system is capable of generating reports that contain detailed expenditure object codes which track expenditures to specific line items, please use these reports as the required summary pages. Please provide a key for the expenditure object codes that have been designated.

The documentation you must maintain includes, but is not limited to the items listed in Section 702, Required Supporting Documentation. For instance, organization records (including timesheets and organization purchase orders), where appropriate, should include signatures of authorized organization officials and the dates of expenses. Invoices, bills, or receipts from outside vendors/businesses should identify the vendor name, vendor location (e.g., address and/or phone number), item of expense, amount, and date. If your organization prorates their expenses among several projects, please provide an explanation of how you arrived at the percentage charged to the Network contract. Also, the expenditure source documentation

provided for the items purchased or encumbered must be dated within the quarter the reimbursement was requested.

1503 Program Compliance Review

Program Compliance Review (PCR) consists of an overall review of your program and administrative functions by an independent Unit, the Program Compliance Team (PCT). The PCT will include a review of both your state and federal share programs and administrative/fiscal functions. The primary focus will be a review of your state share activities.

Program Compliance Review Procedures: Each contractor will receive at least two weeks prior written notice to receiving a visit from the team and a request for all of the necessary documents to have available for review will be included. PCT staff will meet with the Contractor's assigned CM and PM prior to the visit to be given a status on the contract. After the review, the PCT will provide recommendations to the CM and PM team and to the Contractor regarding any compliance issues, as well as provide recommendations on best practices that can be shared with other *Network* partners. A written report will be issued to the Contractor and the assigned CM and PM within 30 days from the PCR. A teleconference will be scheduled between the Contractor and the assigned CM and PM to discuss the report and any findings. If the report does contain findings, the Contractor, along with the assistance of the CM and PM, will have 30 days from the date of the teleconference to develop a written Program Improvement Plan (PIP) that addresses each of the findings.

The *Network* and the PCT will address the recommendations and corrective actions from the 2006 USDA review and will prepare contractors for any future compliance reviews. The PCR team will not take the place of your normal communication and reporting to your assigned PM and CM.

Program Compliance Team Goals:

1. Provide quality audit, review, and advisory services to local contractors in order to enhance program integrity and ensure compliance to USDA Guidance and the USDA Administrative Review findings (June 2006).
2. Establish and implement quality control measures (baseline data) for fiscal and programmatic management of local projects for benchmarks and standards.
3. Establish and monitor reporting criteria (GIFTS database) for administrative/programmatic management of local projects.
4. Streamline system enhancements to reduce costs and increase efficiencies related to oversight and management of local projects. Match the workload needs to staff resources, PMs and CMs and the *Network* Contractors.
5. Identify best practices and patterns in USDA Guidance compliance issues and make recommendations to the CPNS management team for eventual system-wide implementation resulting in measurable, improved compliance.
6. Assist the *Network* with training and incorporate into instructional program findings, conclusions and recommendations from the PCR site visits and the USDA Administrative Review.

1504 Program Audit

At any time during the term of a *Network* funded contract, and at any time within three (3) years after termination of that contract, the Contractor's or any subcontractor's books and records shall be subject to audit by the State and, where applicable, the Federal Government, to the extent that the books and records relate to the performance of the LIA, NIA or Special Project

contract. In the event of an audit, an agency or organization's nutrition program records must be sufficient and clear enough to support all claims.

Procedures:

1. The Auditing Agency will send out a notification letter to the selected LIA, NIA, or Special Project Contractors at least one month prior to the scheduled review. The review may look at financial activity for all financial periods not previously audited to the most current financial period.
2. The Auditor will also send out a brief questionnaire to be completed by the LIA, NIA, or Special Project Contractors prior to the financial review (see attached questionnaire). Completion of the questionnaire will expedite the actual review process.
3. The LIA, NIA or Special Project Contractors will have available during the audit all proper fiscal and program staff, as well as all records necessary to respond to questions.
4. The Auditor will give an exit interview to make suggestions and comments regarding the preliminary findings of the financial review. A formal report will be sent within three months of the visit.